

# PLANS AND OBJECTIVES

## LEGISLATIVE OBJECTIVES

In the fall of 1996, a comprehensive modernization of the Banking Code of 1969 was undertaken to address a number of shortcomings, inconsistencies, and outdated provisions identified in the law. During 1997, the Bureau completed a draft of the rewrite and distributed it to the banking community for review and comment. At year end, the Bureau had received comments from members of the banking and legal communities. It is anticipated that the Bureau will meet with representatives of the banking industry to finalize the draft and resolve the comments early in 1998. It is hoped that legislation will be introduced in 1998.

Currently, federal law precludes national banks from establishing new branches in states that do not specifically authorize all banks to do so. A 1995 amendment to the banking code made specific provision for state-chartered banks in other states to establish *de novo* branches in Michigan, but failed to provide parity for similarly situated national banks. To address this, SB 683 was introduced to amend the banking code to allow out-of-state national banks to establish new branches in Michigan. The bill was approved by the Senate and at year-end 1997, was before the House Commerce Committee. The Bureau hopes to see it enacted in 1998.

The Bureau will seek an amendment to the Mortgage Brokers, Lenders, and Servicers Licensing Act to allow the Commissioner to prohibit the further involvement in the business of individuals who have endangered the public interest when engaging in mortgage brokering, lending, or servicing.

The Bureau will explore legislation to place the same restrictions on real estate brokers and salespersons engaged in lending and credit brokering activities that have been imposed on lenders engaging in real estate brokerage activities.

Late in 1997, the Bureau began work with industry representatives on developing a proposal to modernize the Consumer Financial Services Act. The objective of the effort is to give regulated entities more flexibility in serving customers and to provide the Commissioner a broader array of supervisory tools to efficiently enforce the statute. The modernization likely will incorporate a number of the issues recently addressed in modernizing the Secondary Mortgage Act and the Mortgage Brokers, Lenders,

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and Servicers Licensing Act, such as volume-based supervisory fees, simplified licensing structure, and expanded regulatory tools.

The Bureau also will be proposing an amendment to the Anti-Redlining Act to eliminate the requirement that lenders file annually an affidavit of compliance with the Federal Home Mortgage Disclosure Act. The State Surplus Funds Act and related public funds acts no longer limit eligibility to receive public fund deposits to institutions that file the PA 135 affidavit timely. Recent amendments connected to authorization to make deposits of public funds in out-of-state financial institutions with branches in Michigan necessitated removal of the requirement. The amendments also eliminated the Commissioner's responsibility to notify the State Treasurer and to publish the names of nonfilers annually. Thus, the affidavit filing requirement in PA 135 no longer serves a purpose. Elimination would reduce slightly the regulatory burden on lenders. Those who are interested may readily obtain from the Federal Financial Institutions Examination Council lists of institutions that filed HMDA reports.